

the interest then due). But (1) the purchaser would not pay the price until the Account day, which at this period in 1908 was the 1st of April, and hence would retain his money at interest for this interval, and (2) as to the term of four days (the 1st to the 5th of April), if he sell what he had bought 'at the corresponding period in any subsequent quarter of any year (corresponding to the date, that is, on which he purchased), he obtains a quarter's interest, which affords the compensation. Thus, the ensuing Account day in Consols is the 1st of July, 1908; the stock is quoted *x d.* on the 2nd of June, and if he sell on (say) the 3rd of June he receives the price on the 1st of July and secures the interest due on the 5th of July; in other words, he then obtains three months' interest, while the period from the date of completion of the original purchase (the 1st of April) to the 1st of July is exactly the same term, so that no loss is incurred.

In the case of a company the Committee of the Stock Exchange fix the date of *x d.* on receiving an official intimation of the rate of dividend just declared, or about to be recommended for the shareholders for adoption.

"/ Immediately after the quotation is marked *x d.* the ensuing / dividend begins to accrue and to increase the price; that is to say, the dealings are made *cum* dividend so far as the subsequent dividend or interest is concerned; the price instantly is reduced when it is quoted *xd.*—no extraneous events affecting the value of the stock having meantime occurred—by the amount of the dividend or interest paid or shortly payable. Thus a stock bearing 3 per cent interest, payable half-yearly, stands at £150, we will assume (including the current six months' dividend): on the next day it is, say, quoted *x d.*, and the price falls to 148J, being reduced by the half-year's dividend paid. If sold on the former day the seller obtains £150, but hands over the £1J (the half-year's dividend) to the buyer, or if sold on the following day the vendor receives £148J— and retains the £1J; he is, accordingly, in precisely the same position (at the level of £150) in each case and sustains no loss. If there be no

apprehension or unfavourable news in the market extrin-sically affecting the stock individually, or affecting it in conjunction with other securities, the price of 148J by simple efflux